



HIPAA--The Medicare Experience
Implementation Status Report

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Medicare Fee-for-Service *An Overview*

- My comments are limited to the Medicare fee-for-service program since that is the program that I am responsible for.
- The HIPAA requirements apply to every entity covered by HIPAA, including Medicare.



Medicare Fee-for-Service *An Overview*

- CMS does not process claims or conduct electronic data interchange (EDI) transactions itself. We contract with other companies, existing insurers in most cases, to do this for us.



Medicare Fee-for-Service
What we have accomplished thus far
along the way towards implementation

- We refer to processors of professional-type claims as “carriers” and to processors of institutional-type claims as “intermediaries.”
- CMS has been discussing HIPAA issues and releasing HIPAA transactions implementation instructions to our carriers, intermediaries, and the maintainers of our standard processing systems for more than 2 years.



Medicare Fee-for-Service *What we have accomplished thus far* *along the way towards implementation*

- To implement the new formats, it was necessary to map our internal files to the implementation guides to detect gaps, expand internal files to accept additional data elements, install translators to enable us to meet compliancy requirements for the formats, and eliminate dependence on any codes not adopted under HIPAA.
- Providers would likely need to follow similar steps.



Medicare Fee-for-Service *What we have accomplished thus far* *along the way towards implementation*

- However, we did not change the basic inner structure of our claims processing systems. We accept the HIPAA transaction, translate it to the flat file that our systems are used to seeing, and then translate it back on the way out. All data that comes in that we do not need for processing goes to a repository, and then is matched up with the outbound files.



Medicare Fee-for-Service *What we have accomplished thus far* *along the way towards implementation*

- Medicare is implementing the transactions on a staggered basis—claims first, followed by the remittance advice, coordination of benefits, claim status inquiry/response, eligibility inquiry/response, retail drug formats (NCPDP) and prior authorization.
- The other HIPAA standards do not apply to Medicare fee-for-service.
- As anyone who has been involved in HIPAA transactions implementation could tell you, this is not an easy process.



Medicare Fee-for-Service Obstacles Encountered

- Just like many of you, we have worked through confusion regarding the meaning of certain requirements and conditions specified in the implementation guides for the standards.
- This has taken us longer than we originally expected. The same comment has been made by many covered entities and payers.
- An early start is necessary to assure timely implementation, even for those that have requested an extension until 10/16/2003.



Medicare Fee-for-Service

- The Administrative Simplification Compliance Act (ASCA) provided us with additional time for internal system testing, correction of programming as needed, and testing with trading partners.
- Testing will be discussed later in more detail, as time permits.
- CMS did file an extension request on behalf of our Medicare carriers and intermediaries. We will have each of the applicable required transactions standards fully operational by 10/16/2003.



Medicare Fee-for-Service

- Medicare does not require that every provider be tested prior to use of every HIPAA transaction in the production mode.
- Testing is required on the claim format prior to use in production; but in most cases, pre-testing of the other formats is optional for the submitter.
- If a provider uses a clearinghouse or billing agent, only the clearinghouse or agent must be tested by a Medicare contractor.



Medicare Fee-for-Service

- If a provider uses software supplied by a vendor, and that software has already been successfully tested by a Medicare contractor, the provider is not required to retest with Medicare.



Medicare Fee-for-Service

- Providers who are ready to submit and receive HIPAA transactions directly, without any middle man, need to contact the EDI department of their local carrier and/or intermediary to schedule a test date.
- At that time, the provider will be questioned about the software to be used, and it will be determined if testing is needed.
- Medicare contractors do not charge for testing.



What's Done

- **First implementation-ready and currently testing with submitters/receivers**
 - 4010 837 inbound
 - 4010 837 outbound
 - 4010 835 remit
- **Second phase-April 2003**
 - 4010 A1 276/277
 - 4010 A1 270/271
 - 4010 A1 837 in and out
 - 4010 A1 835
- **Third phase-July 2003**
 - NCPDP



Medicare Fee-for-Service

- Medicare carriers and intermediaries are now ready to test claim transactions. Some submitters are in production on the HIPAA claim and remittance advice transactions.
- Medicare will continue to issue free billing software for at least the next year that can be used by providers to bill Medicare. This software is now available from contractors.



Medicare Fee-for-Service

- Our contractors will continue to make PC-Print software available that can take the string of data in an electronic remittance advice transaction and convert it into a paper remittance advice for easier review by an individual. PC-Print can also be used to bill a secondary payer.



Medicare Fee-for-Service

- We only require our carriers and intermediaries to issue free software for implementing the health care claim transactions.
- This free billing software is designed to capture data needed for Medicare claims. Although this will be HIPAA compliant, it does not collect situational data elements that do not apply to Medicare or which may not be required for coordination of benefits.



Medicare Fee-for-Service

- This software is Medicare specific; it is not designed to send compliant claims to another payer, or to print remittance advice transactions received from another payer.
- Nor does the software perform practice management services provided by most commercially available billing software.
- This software was designed specifically for use by small providers that may not have the resources to purchase commercial products.



Medicare Fee-for-Service

- Even providers who contract with another entity to conduct electronic transactions on their behalf, or those who use our free billing software, may need to make internal changes to supply all of the necessary data elements.



Major Obstacles

- Size of changes
- Money
- Interpretation issues
- Some Medicare needs missed during standard development process
- Differing approaches by FIs and Carriers
- Disconnects with how Medicare pays

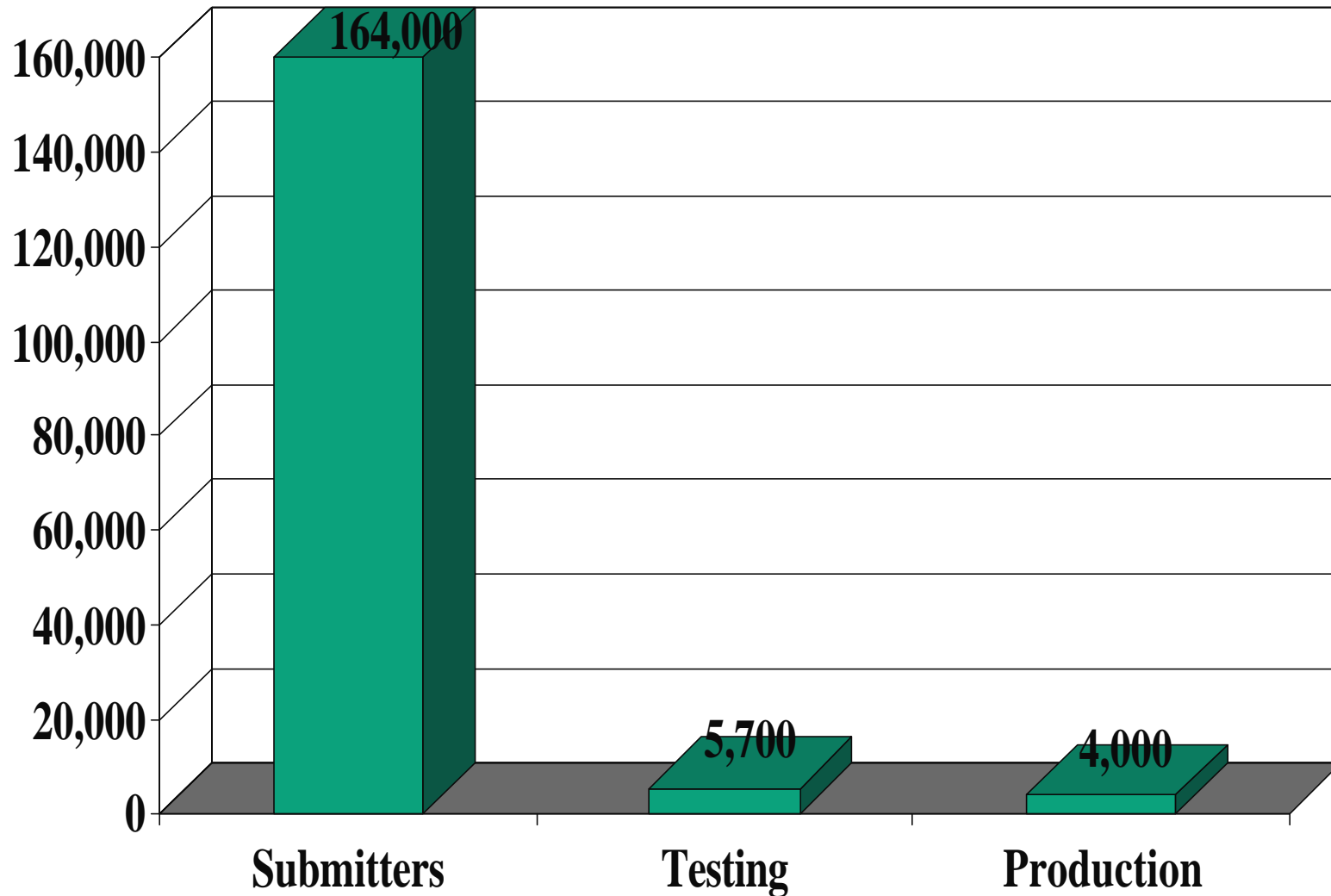


Major Obstacles *(cont'd)*

- Many providers/submitters; not much time
- 4010 A1 is a major change for intermediaries
 - redesigning flat file
- Providers may think free billing software will satisfy HIPAA
- Contactor systems transitions
- Undiscovered issues
- DDE
- What happens when 10/16/03 arrives?.....



The Challenge *Inbound Claim As of 12/31/02*





For Further Information

- www.cms.hhs.gov/hipaa --HIPAA website
- www.aspe.hhs.gov/admnsimp --HHS HIPAA website
- <http://snip.wedi.org> --Workgroup for Electronic Data Interchange
- www.wpc-edi.com/hipaa --source for the X12N HIPAA implementation guides, the addenda, and certain standard codes
- www.hipaa-dsmo.org --to request changes to a HIPAA standard implementation guide